

## SETTLEMENT AGREEMENT AND RELEASE

This Settlement Agreement and Release ("Settlement Agreement") is made and entered into between and among: (1) CORRECTIONS CORPORATION OF AMERICA, its subsidiaries and affiliated companies and each of their current and former officers, directors, shareholders, agents, servants, and employees, (collectively, "CCA" or Releasee), and (2) the STATE OF IDAHO DEPARTMENT OF ADMINISTRATION, DIVISION OF PURCHASING ("DOP"), the DEPARTMENT OF CORRECTION ("IDOC"), and the BOARD OF CORRECTION (collectively, "Idaho" or "Releasor"). CCA and Idaho are collectively referred to as "the Parties."

### RECITALS

A. On or about December 23, 1997, CCA and DOP, as the statutory agent for IDOC and the Board of Correction, entered into Contract 94-L711J-07-5 for the construction, private operation, and management of the State-owned Idaho Correctional Center ("ICC"), located in Kuna, Idaho (the "Original Contract"). On or about December 16, 2008, upon expiration of the Original Contract, CCA and DOP entered into Contract CPO02167 (the "Contract"), as subsequently amended, which renewed their agreement for the private operation and management of ICC for an additional term of five (5) years, commencing on July 1, 2009. The Contract terminates on June 30, 2014.

B. In early January 2013, potential discrepancies in staffing documentation came to CCA's attention. CCA reported unverified mandatory staffing hours to IDOC, conducted an internal investigation into the allegation and disclosed its findings to IDOC. Through an outside firm, KPMG, LLC, IDOC and the Board of Correction conducted its own audit of CCA's staffing ("Audit").

C. The Parties desire to finally and fully resolve all disputed claims arising out of the staffing discrepancies and the allegations in the Audit.

### AGREEMENT

#### 1.0 RELEASE AND DISCHARGE

1.1 In consideration of the sum of ONE MILLION DOLLARS AND 00/100 (\$1,000,000), paid by CCA, the receipt and sufficiency of which Releasor acknowledges, and in accordance with the authority set forth in section 20-241A of the Idaho Code, Releasor does hereby fully, forever, irrevocably, and unconditionally release, acquit, and forever discharge Releasee from any and all claims, demands, indebtedness, agreements, promises, obligations, damages or liabilities, costs, expenses (including attorneys' fees or liens), and causes of action in law or in equity, of any kind, whether known or unknown, suspected or unsuspected, fixed or contingent, asserted or unasserted, arising out of the staffing of the ICC and existing on or before the date of this Settlement Agreement, and common law claims arising from the staffing of the ICC and existing on or before the date of this Settlement Agreement including, but not limited to actions in tort, defamation, breach of contract, and

any claims under any other federal, state, or local statutes or ordinances not referenced above (the "Staffing Damages"); provided, however, that the foregoing shall not waive, release, acquit or discharge the provisions of the Original Contract or the Contract requiring CCA defend or indemnify Idaho from claims, demands, damages, liabilities, costs or expenses arising from the staffing of the ICC and brought or made by a party other than the Parties to this Settlement Agreement (the "Defense and Indemnification Obligations"). This amount is the result of discussions between the Parties and does not, in any way, correspond with the Audit conclusions or the conclusions of any other report prepared by any individual or entity on either Party's behalf. This release does not extend to any obligations incurred pursuant to this Settlement Agreement. This release shall be fully binding and a complete settlement among the Parties, their heirs, assigns, and successors.

1.2 The Parties to this instrument recognize that Releasor may have sustained Staffing Damages that are unknown at the time of the execution of this Settlement Agreement, and intend by the execution of this instrument to release any and all claims for such unknown Staffing Damages, except the Defense and Indemnification Obligations. It is further understood and agreed that part of the consideration paid and granted to Releasor is intended to compensate Releasor for such unknown alleged Staffing Damages, current and past, arising out of the Contract or the Original Contract, that may be discovered in the future.

## **2.0 NO ADMISSION OR ACQUIESCENCE**

2.1 This Settlement Agreement represents a compromise and settlement of disputed claims and an effort to avoid litigation expenses. This Settlement Agreement and the fact of settlement of the Parties' claims, including all negotiations, discussions, and proceedings connected with it, leading up to the settlement, as well as any action taken to carry out the terms of the settlement, shall not constitute any admission of liability on the part of CCA, its subsidiaries and affiliated companies, and each of their current and former officers, directors, shareholders, agents, servants, and employees, or give rise to any presumption or inference of any violation of any statute or law or of any fault, wrongdoing, or liability whatsoever.

2.2 The Parties acknowledge that CCA disavows having any prior knowledge of misrepresentations by CCA staff on staffing documents/records. This Settlement Agreement and the fact of settlement of the Parties' claims, including all negotiations, discussions, and proceedings connected with it, leading up to the settlement, as well as any action taken to carry out the terms of the settlement, shall not be construed otherwise.

2.3 The Parties acknowledge that CCA categorically disputes the methodology and conclusions of the Audit as more specifically referenced in Paragraph 11.3 below. This Settlement Agreement and the fact of settlement, as well as any action taken to carry out the terms of the settlement, shall not be construed as an admission on CCA's part or CCA's acquiescence with respect to the conclusions of the Audit or any other report prepared by any individual or entity on Idaho's behalf. In entering this Settlement Agreement, CCA does not waive any and all rights it has to challenge the Audit and/or any other report prepared by any individual or entity on Idaho's behalf.

### **3.0 ATTORNEYS' FEES**

The Parties shall bear all attorneys' fees and costs arising from the actions of its own counsel in connection with enforcing the provisions of this Settlement Agreement.

### **4.0 REPRESENTATIONS AND WARRANTIES**

4.1 Each Party warrants and represents to the other that its execution of this Settlement Agreement has been duly authorized by all necessary corporate or other action by such Party.

4.2 Each Party warrants that it has all requisite legal rights necessary to grant the release and covenants and any other rights granted in this Settlement Agreement.

4.3 Each individual who executes this Settlement Agreement on behalf of any Party represents and warrants that he or she does so with the knowledge and express approval and authorization of the Party on whose behalf that person executes this Settlement Agreement.

4.4 The Parties acknowledge that they have had ample opportunity to consult with their attorneys prior to execution of this Settlement Agreement. They further acknowledge that they knowingly and voluntarily decided to sign and enter into this Settlement Agreement.

4.5 The enforceability of this Settlement Agreement is not affected by the provisions of any other agreement to which any Party is a party and will not, to the knowledge of any Party, conflict with any provision of any law or regulation to which such Party is subject.

### **5.0 WARRANTY OF CAPACITY TO EXECUTE AGREEMENT**

Each Party represents and warrants that such Party is the sole and lawful owner of all right, title, and interest in and to every claim or other matter which each such Party purports to release herein, and that such Party has the sole right and exclusive authority to enter into this Settlement Agreement and has not assigned, transferred or encumbered, or purported to assign, transfer, or encumber, voluntarily or involuntarily, to any person or entity that is not a party to this Settlement Agreement, all or any portion of the claims, obligations, or rights covered by this Settlement Agreement.

### **6.0 FULL SATISFACTION**

Without limiting in any manner the generality of the foregoing release, Releasor further expressly acknowledges and agrees that the full release of all claims provided above applies to all claims that in any way arise out of the Staffing Damages on or before the date of this Settlement Agreement, whether known or unknown, suspected or unsuspected, fixed or contingent, asserted or unasserted, except as otherwise provided herein. Nothing in this

Settlement Agreement shall release or modify the Defense and Indemnification Obligations in the Contract.

## **7.0 GOVERNING LAW AND CONSTRUCTION**

7.1 This Settlement Agreement shall be construed and interpreted in accordance with the laws of the State of Idaho.

7.2 The Parties further agree that the Idaho Fourth Judicial District Court of Ada County, Idaho shall have personal and subject matter jurisdiction over any action brought to enforce this Settlement Agreement.

7.3 This Settlement Agreement is the result of negotiations between the Parties, each of which has had the opportunity to be represented and advised by competent counsel. The language contained in, or not contained in, previous drafts of this Settlement Agreement shall have no bearing upon the proper interpretation of this Settlement Agreement. This Settlement Agreement shall be construed and interpreted to effectuate the intent of the Parties, which is to provide, through this Settlement Agreement, for a complete resolution of any and all of the Releasor's claims related to the Staffing Damages existing on or before the date of this Settlement Agreement, except for the Defense and Indemnification Obligations.

## **8.0 ENTIRE AGREEMENT AND SUCCESSORS IN INTEREST**

This Settlement Agreement contains the entire agreement and understanding between the Parties with regard to the matters contained herein and shall be binding upon and inure to the benefit of the executors, administrators, personal representatives, heirs, successors, and assigns of each. This Settlement Agreement, as well as any documents contemplated to effectuate this Settlement Agreement, is a fully integrated document, containing the entire understanding among the Parties, and supersedes and integrates any and all prior representations, agreements, and understandings of the Parties, whether oral or written, related to such subject matter.

## **9.0 RECITALS**

The Recitals set forth herein are incorporated as a part of this Settlement Agreement. The Parties agree that the covenants set forth herein are contractual and not mere recitals.

## **10.0 COUNTERPARTS AND HEADINGS**

10.1 This Settlement Agreement may be executed in two or more identical counterparts, all of which constitute one and the same Agreement. Facsimile or other

electronically transmitted signatures on this Settlement Agreement are deemed to have the same force and effect as original signatures.

10.2 The headings in this Settlement Agreement are for convenience and shall not expand, modify, limit, or define the rest of this Agreement.

#### **11.0 STATEMENT AND RELATED MATTERS**

11.1 CCA, IDOC and the Board of Correction shall issue a joint statement in connection with this Settlement Agreement that will include language acknowledging that the settlement is not, in any way, tied to Audit conclusions or the conclusions of any report prepared by any individual or entity on any Party's behalf.

11.2 No terms of the statement (or any other statement made by Releasor or Releasee) shall contradict or negate the language in Sections 1 and 2 of this Settlement Agreement and the language set forth in Paragraph 11.1.

11.3 Releasor recognizes that CCA will submit a letter, separate from this Settlement Agreement, requesting that Releasor produce the letter (and any exhibit attached to that letter) with any copy of the KPMG report that has been, or will be produced pursuant to a Public Records Request. Releasor agrees to comply with that request.

#### **12.0 EFFECTIVENESS**

This Settlement Agreement shall become effective upon the date of execution by the last Party to execute the Settlement Agreement.

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IDAHO:

Idaho Department of Correction

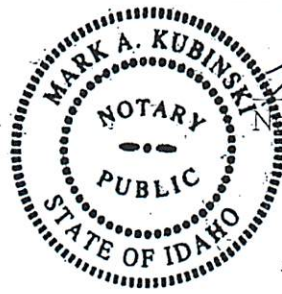

Signature:   
Brent Reinke, Director

Dated: Feb - 14 - 2014

STATE OF IDAHO )  
 ) ss.  
County of Ada )

SUBSCRIBED AND SWORN before me this 14<sup>th</sup> day of February,  
2014, for the purpose therein contained by Brent Reinke, IDCC Director Releasor.

My Commission Expires:  
10/30/15

   
Notary Public

Board of Correction

Signature: Robin Sandy  
Robin Sandy, Chair

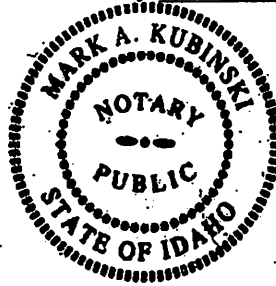
Dated: 2-14-14

STATE OF IDAHO )  
 ) ss.  
County of Ada )

SUBSCRIBED AND SWORN before me this 14<sup>th</sup> day of February,  
2014, for the purpose therein contained by Robin Sandy, Chair, Releasor.

My Commission Expires:

10/30/15



Mark A. Kubinski  
Notary Public

**Idaho Department of Administration  
Division of Purchasing**

Bill Burns  
Bill Burns, Administrator

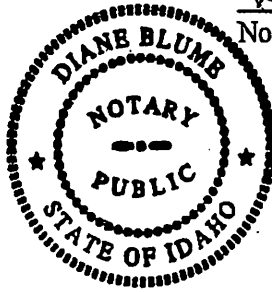
Dated: 2-13-2014

STATE OF Idaho )  
County of Ada ) ss.

SUBSCRIBED AND SWORN before me this 13th day of February  
2014, for the purpose therein contained by Bill Burns, Releasor.

Diane K. Blume  
Notary Public

My Commission Expires:  
9-6-19





CCA

Signature: Steve Groom

Title: Executive Vice President & General Counsel

Dated: 2-18-14

STATE OF TENNESSEE )  
 ) ss.  
County of Davidson )

SUBSCRIBED AND SWORN before me this 18<sup>th</sup> day of February, 2014, for the purpose therein contained by CCA, Releasee.

Teresa Marlow  
Notary Public

My Commission Expires:

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